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SECURITY INFORMATION

MEMORANDUM

OGC HAS REVIEWED. 10 January 1952

TO: Office of the General Counsel 25X1A
Att: [redacted]

THROUGH: Comptroller *G.H.*

FROM: Finance Division

SUBJECT: Payment of Terminal Leave to Staff Employees Transferring
to Staff Agent Status

25X1A

25X1A₁ Reference is made to the attached Audit Office Notice [redacted] which questions the propriety of certain payments as made by the Finance Division to staff employees at the time of resignation and subsequent appointment to staff agent status. In the absence of specific provisions in the Confidential Funds Regulations for the payment of terminal leave at the time of the employee's change of status, the Auditor recommends that the problem be presented to appropriate officials for decision as to whether recovery should be made in the cases cited and similar cases.

2. The authority of the Finance Division to make such payments was the subject of several discussions among individual members of the Legal Staff, the Personnel and Finance Divisions, and it was determined that although no specific authority existed in the Confidential Funds Regulations that the practice of paying terminal leave to employees should be continued in the interest of internal security until such time as the matter could be reviewed by the Task Force and the Senior Review Committee, and appropriate regulations issued with reference thereto. Since the publication of regulations governing the rights, privileges and benefits of covert employees and agents on 10 August 1951, no further payments of this nature have been made by the Finance Division.

3. In view of the fact that all payments were made in good faith and that considerable difficulty would be experienced by the Finance Division in the collection of the amounts involved from the individuals concerned, and that corrective action has been taken to preclude further payments to employees transferring to a staff agent status, it is strongly recommended that recovery of the amounts in these and similar cases be waived.

4. It is requested that a decision be furnished this Division with reference to this matter at your earliest convenience, as it is understood that the Audit Office will soon begin to review other staff agent accounts for the calendar year 1951 and is anxious to receive an official ruling as to whether the amounts so paid for terminal leave are subject to recovery.

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Acting Chief, Finance Division

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